

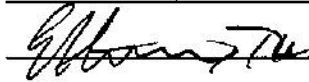
MONTHLY OPERATING REPORT**CHAPTER 11**CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period Dec. 1 to Dec. 31, 200 9Mark One Box For Each
Required Report/Document**THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.**

The debtor must attach each of the following reports unless the United States Trustee has waived the requirement in writing. File original with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
(x)	()	Comparative Balance Sheet (Form 2-B)
(x)	()	Profit and Loss Statement (Form 2-C)
(x)	()	Cash Receipts & Disbursements Statement (Form 2-D)
(x)	()	Supporting Schedules (Form 2-E)
(x)	()	Narrative (Form 2-F)
(x)	()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any attachments thereto, are true and correct to the best of my knowledge and belief.Executed on: January 13, 2010Debtor(s)*: Warehouse 86, LLC

By:**

Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, III

Telephone No.

of Preparer: 901-628-8545

*both debtors must sign if a joint petition

**for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

Assets:	Filing Date	Month	Month	Month	Month	Month	Month	Month
	11/04/08	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Month	Dec-09

CURRENT ASSETS:

Cash	89,361	179,178	104,002	98,930	98,208	98,170		98,179
Accounts Receivable, Net	152,270	611	611	611	611	611		611
Inventory, at lower of cost or market	73,633	0	0	0	0	0		0
Prepaid expenses & deposits*	68,702	82,502	82,502	82,502	82,502	82,502		66,044
Other								

TOTAL CURRENT ASSETS

PROPERTY, PLANT & EQUIPMENT**

Less accumulated depreciation

NET PROPERTY, PLANT & EQUIPMENT

OTHER ASSETS

Interests in incorporated businesses

Insurance claim from tornado & fire,

registered name, customer lists

(unknown)

TOTAL OTHER ASSETS

TOTAL ASSETS

	383,966	262,291	187,115	182,043	181,321	181,283		164,834
	2,178,073	0	0	0	0	0		0
	-1,124,978	0	0	0	0	0		0
	1,053,096	0	0	0	0	0		0
	6,573	0	0	0	0	0		0
	6,573	0	0	0	0	0		0
	1,443,634	262,291	187,115	182,043	181,321	181,283		164,834

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

LIABILITIES:	Filing Date	Month											
		11/04/08	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09					
POST-PETITION LIABILITIES ***													
Taxes Payable (FORM 2-E, P. 1 of 3)			-	-	-	-	-	-					
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	93,156	-	-	-	-	-	-					
Other - DIP Loan		-	-	-	-	-	-	-					
TOTAL POST-PETITION LIABILITIES	0	93,156	-	-	-	-	-	-					
PRE-PETITION LIABILITIES ***													
Notes Payable-Secured	1,264,902	3,732	3,732	3,732	3,732	3,732	3,732	3,732					3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000					9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000					19,000
Unsecured Debt**	2,562,082	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413					2,562,565
Other													
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145					2,584,297
TOTAL LIABILITIES	3,854,984	2,541,301	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145					2,584,297
EQUITY (DEFICIT)													
PREFERRED STOCK													
COMMON STOCK													
PAID-IN CAPITAL													
RETAINED EARNINGS													
Through Filing Date****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)					(2,411,350)
Post Filing Date		125,762	32,340	50,320	45,248	45,248	44,526	(8,113)					
TOTAL EQUITY (NET WORTH)	(2,411,350)	(2,285,588)	(2,379,010)	(2,361,030)	(2,366,102)	(2,366,102)	(2,366,824)	(2,419,463)					
TOTAL LIABILITIES & EQUITY	1,443,634	355,713	169,135	187,115	182,043	182,043	181,321	164,834					

*Reflects disputed insurance charge-Reconciled June 2009

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

Post-petition payables applied to pre-petition in April 2009

****This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month	Month	Month	Month	Month	Month	Month
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	
NET REVENUE	0	0	0	0	0	0	0
<u>COST OF GOODS SOLD:</u>							
Material	0	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0	0
Overhead	0	0	0	0	0	0	0
TOTAL COST OF GOODS SOLD	0	0	0	0	0	0	0
GROSS PROFIT	0	0	0	0	0	0	0
<u>OPERATING EXPENSES</u>							
Selling & Marketing							
General & Administration (Rents, utilities, salaries, etc.)	93,189	(18,135)	5,089	650	0	51,799	
Other							
TOTAL OPERATING EXPENSES	93,189	(18,135)	5,089	650	0	51,799	
INTEREST EXPENSE	237	205	40	72	38	53	
INCOME BEFORE DEPRECIATION OR TAXES	(93,426)	17,930	(5,129)	(722)	(38)	(51,852)	
DEPRECIATION OR AMORTIZATION:	0	0	0	0	0	0	
OTHER INCOME	4	50	0	0	0	0	
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	0	0	0	0	0	0	
NET INCOME (LOSS)	(93,422)	17,980	(5,129)	(722)	(38)	(51,852)	

*Requires explanation in NARRATIVE (FORM 2-F).

FORM 2-C

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period Dec. 1 to Dec. 31, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>\$ 98,170</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ 62</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 54</u>	
4.	Net Cash Flow		<u>\$ 8</u>
5.	Ending Cash Balance (to FORM 2-B)		<u>\$ 98,178</u>

CASH SUMMARY - ENDING BALANCE

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	<u>Bank of America-3903</u>
2. Operating Account	\$ -	<u>Bank of America-9451</u>
3. Payroll Account	\$ -	<u>Bank of America-5429</u>
4. Sales Account	\$ -	<u>PayPal</u>
5. Sales Account	\$ -	<u>PayPal Alt</u>
6. Money Market Account	\$ 6,851	<u>Bank of America-DIP</u>
7. Operating Account	\$ 78,611	<u>Bank of America-DIP</u>
8. Payroll Account	\$ 12,717	<u>Bank of America-DIP Payroll</u>
TOTAL (must agree with line 5 above)	\$ <u>98,178</u>	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less
inter-account transfers & UST fees paid \$ 54

*NOTE: This amount should be used to
determine UST quarterly fees due and agree
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY****MONTH ENDED DECEMBER 2009**

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$ 975 (\$650 credit)		
April	\$ 1,286			
May	\$ 174			
June	\$ 273			
Total				
2nd Quarter	\$ 1,733	\$ 325 (\$325 credit)		
July	\$ 270			
August	\$ 93,368			
September	\$ 5,129			
Total				
3rd Quarter	\$ 98,767	\$ 650 (\$325 credit)		
October	\$ 722			
November	\$ 38			
December	\$ 54			
Total				
4th Quarter	\$ 814	\$ 325		

Fee Schedule
DISBURSEMENT CATEGORY

QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Dec. 1 to Dec. 31, 200 9Account Name: DIP-Payroll Account Account Number: 3755551966**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
-------------	-----------------------------	---------------

Total Cash Receipts \$ -

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Dec. 1 to Dec. 31, 200 9Account Name: DIP-Payroll Account Account Number: 3755555454**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
12/31/2009	Interest Income	0.29

Total Cash Receipts \$ 0.29

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Dec. 1 to Dec. 31, 200 9Account Name: Bank of America-DIP Account Number: 3755551953**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
12/23/09	Refund-MS Dept. of Employment Security	61.70

Total Cash Receipts \$ 61.70

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Dec. 1 to Dec. 31, 200 9Account Name: DIP-General Account Account Number: 3755551953**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
12/01/2009		Bank of America	Service charge	\$7.32

Total Cash Disbursements \$7.32

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Dec. 1 to Dec. 31, 200 9Account Name: DIP-Money Market Account Account Number: 3755555454**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
12/30/2009		Bank of America	Service charge	\$0.05

Total Cash Disbursements \$0.05

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)For Period Dec. 1 to Dec. 31, 200 9Account Name: DIP-Payroll Account Account Number: 3755551966CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
12/01/2009		Bank of America	Service Charge	46.32

Total Cash Disbursements \$ 46.32

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period Dec. 1 to Dec. 31, 2009

INSURANCE SCHEDULE

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

**Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

Note: All insurance policies are expired, as there are no employees or property to insure.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

NARRATIVE STATEMENT

For Period Dec. 1 to Dec. 31, 2009

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

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**Bank of America**

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551966
01 01 152 01 M0000 E# 0
Last Statement: 11/30/2009
This Statement: 12/31/2009

H



NX 0000 01 000 918 013426 #001 AB 0.360
WAREHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
PAYROLL ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-877-757-8233

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nkruptcy Case Number:0803423

You must not use your account for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 et. seq.

ANALYZED CHECKING

Account Summary Information

Statement Period 12/01/2009 - 12/31/2009	Statement Beginning Balance	12,763.07
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	46.32
	Statement Ending Balance	12,716.75
Number of Enclosures 0		
	Service Charge	.00

Withdrawals and Debits

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/15		46.32	Account Analysis Fee ANALYSIS CHARGE NOVEMBER BILLING FOR DETAIL 37555-51966	08790041705

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
11/30	12,763.07	12,763.07	12/31	12,716.75	12,716.75
12/15	12,716.75	12,716.75			

**Bank of America**

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755551953
01 01 152 01 M0000 E# 0
Last Statement: 11/30/2009
This Statement: 12/31/2009



NX 0000 01 000 918 013425 #001 AB 0.360
WAREHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
GENERAL PAYABLES ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-877-757-8233

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nkruptcy Case Number:0803423

You must not use your account for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 et. seq.

ANALYZED CHECKING

Account Summary Information

Statement Period 12/01/2009 - 12/31/2009	Statement Beginning Balance	78,838.23
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	7.32
	Statement Ending Balance	78,830.91
Number of Enclosures 0		
	Service Charge	.00

Withdrawals and Debits

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/15		7.32	Account Analysis Fee ANALYSIS CHARGE NOVEMBER BILLING FOR DETAIL 37555-51953	08790041708

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
11/30	78,838.23	78,838.23	12/31	78,830.91	78,830.91
12/15	78,830.91	78,830.91			



Account Number 3755555454
01 01 152 01 M0000 E# 0
Last Statement: 11/30/2009
This Statement: 12/31/2009

Customer Service
1-877-757-8233

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Bankruptcy Case Number:0803423

MONEY MARKET SAVINGS

Statement Period 12/01/2009 - 12/31/2009		Statement Beginning Balance	6,850.51
Number of Deposits/Credits	1	Amount of Deposits/Credits	.29
Number of Checks	0	Amount of Checks	.00
Number of Other Debits	1	Amount of Other Debits	.05
		Statement Ending Balance	6,850.75
Number of Enclosures	0		
		Service Charge	.05

Amount of Interest Paid	.29	Interest Paid Year-to-Date	12.37
Annual Percentage Yield Earned	.05%		

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/31		.29	INTEREST PAID ON 31 DAYS AVERAGE COLLECTED BALANCE OF	0984000396
				\$6,850.51

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/31		.05	FDIC ASSESSMENT	

Date	Ledger Balance	Collected Balance	Rate	Date	Ledger Balance	Collected Balance	Rate
11/30	6,850.51	6,850.51	.050	12/31	6,850.75	6,850.75	.050